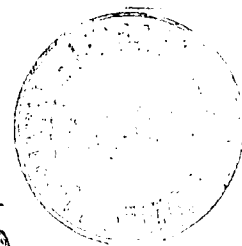


STRATEGIC INITIATIVES TO MAKE CEYLON TEA DISTINCTIVE WITH A SPECIAL EMPHASIS ON RESEARCH & DEVELOPMENT

By

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The Dissertation was submitted to the Department of Management of Technology of the University of Moratuwa in partial fulfillment of the requirement for the degree of Master of Business Administration.

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DECLARATION

"I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any University to the best of my knowledge and belief it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations"

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To the best of my knowledge, the above particulars are correct.

.....
Mr Chethiya Perera
Supervisor

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List of Abbreviations

R&D	- Research and Development
TRI	- Tea Research Institute
SWOT	- Strengths, Weaknesses, Opportunities & Threats
UK	- United Kingdom
CTC tea	- Cut Tear & Curl
ECP Drier	- Endless Chain Pressure Drier
ISO	- International Standards Organization
HACCP	- Hazard Analysis Critical Control Point
FAO	- Food & Agriculture Organization
CADMAR	- Composite Approach to Decision making in Agricultural Research
CARP	- Council for Agricultural Research Policy
SLTB	- Sri Lanka Tea Board
TSHDA	- Tea Small Holders Development Authority
AGR	- Average Growth Rate
UAE	- United Arab Emirates
TASL	- Tea Association of Sri Lanka
RTD	- Ready-To-Drink
CEO	- Chief Executive Officer
ITI	- Industrial Technology Institute
GMP	- Good Manufacturing Practices
GHP	- Good Hygienic Practices
CISIR	- Ceylon Institute for Scientific & Industrial Research

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Abstract

Sri Lanka is the number one tea exporter in the world. But the global tea industry has reached its maturity and is now in a critical period where fundamental changes are taking place in the competitive environment. This transition to maturity should provoke firms and industries in different countries to concentrate on their core markets and defend their position vigorously. This does not seem to have happened with the Sri Lankan tea producers and exporters.

The new consumer is authentically individualistic, informed, independent, involved distinctive style who rejects mass production and seek to reflect aspirations in food and beverages. He always desires originality and requires information to establish credibility. Tea shows most positive value growth of all hot beverages, sustaining higher prices due to perceived functional benefits (healthfulness). Whilst the market trends being as such, Ceylon tea industry has its own strengths and weaknesses. Opportunity is there for the specialty teas, with a variety combining health, taste, quality and variety. At the same time the industry should be able to develop strategic initiatives to overcome the threats and explore the opportunities with the existing strengths and improving on its weaknesses.

The Ceylon tea industry should take important strategic moves to restore its competitive ability in the global market. Importantly, the industry needs to understand the future trend of consumer demand in key markets and provide the products and services desired.

Research and Development plays a tremendous role in implementing the strategic initiatives to achieve a defendable position in the market place. But the role of Tea Research Institute as the supporting body for R&D is highly criticized. They need to identify their R&D strategies more closely to cater the industry.

The industry together with the TRI should identify new consumer to be the future and to meet his/her needs by offering style, variety, quality, enjoyment and good health reflecting upscale aspirations. Provision of information and education in tea, and offering genuinely innovative, quality teas will bring new users to the tea category and will maintain the existing.

